

APPENDIX 1

CORPORATE AFFAIRS AND AUDIT COMMITTEE – INTERNAL AUDIT SCORECARD

Table 1 - Internal Audit Reports Issued in Final (since last update to Corporate Affairs and Audit Committee on 28 September 2017)

Audited System /Service	Directorate	Assurance Opinion	Priority			Draft Date	Final Date
			P1	P2	P3		
Cultural Services	Growth & Place	Good	0	0	2	24/08/2017	25/09/2017
Asset Management	Finance, Governance & Support	Moderate	0	6	1	05/09/2017	16/10/2017
Counter Fraud Policy Framework	Finance, Governance & Support	Moderate	0	4	3	11/08/2017	02/11/2017
Total			0	10	6		

Table 1a – Summary of Findings of Internal Audit Reports Issued in Final that have less than Good Assurance

Audit Title	Summary
Asset Management	Overall, testing of the new process highlighted the progress made to introduce and embed a new asset disposal process although further work is required to ensure that the process is fully effective and embedded within the Council's governance framework. The length of time required to retrieve some of this information suggested that further work was required to improve the quality of audit trails so that relevant documentation can be easily retrieved. Whilst there is a clear process in place, the Policy had not (at the time of the audit) been presented as a specific Council Policy in the corporate format and standard operating procedures (SOPs) had yet to be developed. Both the auditors and

Audit Title	Summary
	<p>Management recognise that any new process may require adjustment following its implementation and practical application. Audit testing has identified additional areas where the process could be more defined to avoid it from being open to interpretation and Management has been responsive to suggestions. Since the audit, further action has been taken to embed the process and audit review will be carried out in December 2017.</p> <p>The examination of the handling of the Southlands Business Centre highlighted areas where there was not full compliance with the process in place at the time and where stakeholder communication could have been improved. Whilst some process and communication gaps were noted with regard to Southlands, the auditors saw nothing to suggest that the ultimate decision taken at that time (i.e. not to proceed with a sale) had been made with anything less than the best of intentions in terms of trying to secure value for money and social value.</p>
Counter Fraud Policy Framework	<p>The focus of the audit was predominantly based on the counter fraud policy framework in place and the extent to which the Council has applied resources to demonstrating a proactive stance to identify potential existing fraudulent activity. The audit identified areas where the Council's counter fraud policy framework could be further developed to help strengthen the control environment and Management are addressing these areas. Audits of the financial systems have confirmed that there is a good control framework in place which, if complied with, will reduce the likelihood and impact of loss through fraud and error. There is currently no evidence to suggest that the Council has or is suffering significant losses through fraudulent activity but there is scope for the Council to be more proactive in demonstrating a zero tolerance approach to fraud, bribery and corruption. As with many local authorities, increasingly limited resources has affected the level of proactive counter fraud work that can be undertaken but it is suggested that consideration be given to carrying out some level of proactive work (even if only in one of the national fraud risk areas e.g. council tax discount) as this could result in financial gains and help demonstrate that the Council takes immediate and decisive action in response to any reported or suspected concerns. More detail on counter fraud is presented in a separate report to this Committee.</p>

Table 2 - Internal Audit Reports Issued in Draft (since last update to Corporate Affairs and Audit Committee on 28 September 2017)

Audited System /Service			
	Directorate	Assurance Opinion	Draft Report Issued
Purchasing Cards	Finance, Governance & Support	Moderate	03/11/2017
Planning and Building Control	Growth & Place	Moderate	30/10/2017
Youth Offending Service	Children's Services	Moderate	10/11/2017
Declarations of Interests, Gifts & Hospitality	Finance, Governance & Support	Moderate	14/11/2017

Table 3 - Total Outstanding Audit Recommendations (that should have been implemented, based on agreed target date, by 31 October 2017)

Directorate	Total outstanding actions	P1	P2	P3
Finance, Governance and Support	2	0	2	0
Growth and Place	0	0	0	0
Adult Social Services	0	0	0	0
Public Health and Public Protection	5	0	3	2
Children's Services	2	0	2	0
Total	9	0	7	2

Table 4 - The analysis of the 9 outstanding actions is as follows:

Audit Title	Total	P1	P2	P3
Pension Fund Admin	1	0	1	0
Pension Fund Investments	1	0	1	0
Emergency Planning	5	0	3	2
Procurement of External Placements	1	0	1	0
Lingfield Primary School	1	0	1	0
Total	9	0	7	2

At the time of the annual report submitted to this Committee in September 2017, it was reported that for the year 2015/16, approximately 154 internal audit recommendations had been made of which all but one had subsequently implemented during 2016/17. According to internal audit records, this P2 action is still outstanding. For 2016/17, 112 actions were recommended, of which 42 are outstanding (although only 8 of these have passed their agreed due date). 12 actions have been completed since September. Of the outstanding actions above, there are no significant risks to highlight at this time provided that all actions are implemented as agreed.

Table 5 – Progress to Implement Outstanding Priority 1 Actions

Internal Audit P1 Recommendation
There are no outstanding P1 actions.